Hertz .NEWS
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Average Up 25% Over 1979 ...

LOS ANGELES AGAIN TOPS MAJOR U.S. CITIES IN DRIVING COSTS FOR 1980

Costs to own and run typical new 1980 compact-size domestic automobiles varied by nearly 17¢ a mile among 20 large U.S. cities last year, with expenses ranging from 53.8¢ in Los Angeles to 37.2¢ in Detroit, a new Hertz Corporation study showed today.

The Los Angeles charge is 14¢ a mile -- some 35% -- above the overall nationwide average of 39.8¢ a mile for 1980 compacts, the lease-rental company's latest survey reports, and the 20-city average is 42.1¢, up more than 25% over the 33.6¢ level in 1979 for the same score of cities.

The firm's new geographic cost analysis again ranks New York as the second most expensive city in which to drive, with new compact car operation there totalling 50.7¢ a mile last year.

San Francisco was third on the high-costs list at 49¢ a mile, Miami was fourth at 43.8¢ and Chicago fifth with 42.5¢, according to the Hertz survey, which assumes the units are driven 10,000 miles annually and traded after three year's use.

Trading annually boosts the 20-city cost average for compacts from the 42.1¢ a mile level to 44.6¢; but keeping cars longer lowers expenses -- to 38.6¢ for five-year use and to 29.5¢ for 10-year driving, the report notes.

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Expenses also vary by vehicle size. For sub-compacts the 20-city average came to 40.3c a mile, small mid-range units were 44.5c for the three-year, 30,000-miles of use, intermediates were 46.6c and full-size autos were 51c, according to the study.

These 1980 major-city figures compare with Hertz' previously-reported nationwide averages of 38.1¢ for subcompacts, 42.1c for mid-range models, 44c for intermediates and 48.1c for large cars.

Other Cities Ranked

In sixth place on the major-city cost survey is Denver, 42.4¢; 7th, Seattle, 41.9¢; 8th, Houston, 41.9¢; 9th, San Diego, 41.8¢; 10th, St. Louis, 41.1¢; 11th, Minneapolis, 40.5¢; 12th, Milwaukee, 40.3¢; 13th, District of Columbia, 40.2¢; 14th, Dallas, 40.1c; 15th, Pittsburgh, 40¢; 16th, Cleveland, 39.7¢, 17th, Boston, 39.5¢; 18th, Atlanta, 38.1¢; 19th, Cincinnati, 37.4¢; and 20th, Detroit, 37.2¢.

The lease-rental company's annual expense estimates include costs of gasoline, oil and other service station items; maintenance, parts and repairs; licenses, fees and insurance; loan interest; and depreciation -- the difference between a vehicle's purchase price and its anticipated resale value.

The figures do not include parking and tolls since these can vary widely even within the same city, but Hertz said in major areas these could range from 5-25c a mile extra.

The estimates reflect year-long averages rather than year-end price levels, the study pointed out, and they are based on higher, mid-city charges rather than lower rates which normally prevail in suburban areas.

Purchase Price A Key Factor

Purchase price of the cars is not calculated directly in the Hertz estimates, but it is a key factor in the figures since it influences three major expense categories: depreciation, insurance and interest. It also affects sales taxes.

Compact car purchase prices for 1980 ranged from an annual $6,879 average in San Francisco to $6,283 in Detroit, including automatic transmissions, power stering and brakes, plus air conditioning -- the major options most motorists order.

In the category of insurance, licenses and fees, yearly expenses ranged from $1,911 in Los Angeles to $489 in Detroit. Interest charges varied from $665 in Los Angeles to $530 in Milwaukee each year. Maintenance went from 3.43¢ a mile in San Francisco to 2.12¢ in Cincinnati while fuel and service station items were 9.22¢ in San Francisco and 7.38¢ in Pittsburgh.

Other Costs Can Be Figured

The study shows how individuals may estimate costs in their areas for use periods and driving distances more or less than the three-year, 30,000-mile expamples used for the various types of cars.

The tables illustrate that the greater the distance a vehicle is driven each year, the lower the per-mile expenses. But with higher annual mileage, the key total annual dollar outlays increase substantially.

Longer ownership normally lowers both cents-per-mile and dollars-per-year outlays because the key depreciation expenses are almost always greater in an auto's early years, less as the car ages, and this depreciation decline more than offsets rising maintenance outlays at higher total driving distances.

Hertz has been issuing national average car cost studies since 1973, when driving costs began to soar. It issued its first cost breakout for these 20 major cities last year to illustrate the geographical expense variations in auto ownership and operation.

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1980 CITY BY CITY HERTZ ESTIMATES OF COST OF DRIVING VARIOUS SIZED CARS THREE YEARS AT 10,000 MILES A YEAR

City	Sub-compact	Compact	Small Mid-Size	'Intermediate'	Full-Size
Atlanta	36.52¢	38.10¢	40.31¢	42.17¢	46.13¢
Boston	37.87	39.51	41.80	43.73	47.84
Chicago	40.75	42.51	44.97	47.05	51.47
Cincinnati	35.86	37.41	39.58	41.40	45.30
Cleveland	38.00	39.65	41.95	43.88	48.01
Dallas	38.47	40.14	42.46	44.42	48.60
Denver	40.68	42.44	44.90	46.97	51.39
Detroit	35.66	37.20	39.35	41.17	45.04
District of Columbia	38.56	40.23	42.56	44.52	48.71
Houston	40.13	41.87	44.29	46.34	50.70
Los Angeles	51.56	53.79	56.90	59.53	65.13
Miami	42.00	43.82	46.36	48.50	53.06
Milwaukee	38.59	40.26	42.59	44.56	48.75
Minneapolis	38.77	40.45	42.79	44.77	48.98
New York City	48.56	50.66	53.59	56.07	61.34
Pittsburgh	38.33	39.99	42.31	44.26	48.42
St. Louis	39.38	41.08	43.46	45.46	49.79
San Diego	40.06	41.80	44.22	46.26	50.61
San Francisco	46.96	48.99	51.83	54.22	59.32
Seattle	40.17	41.91	44.34	46.38	50.74
20-CITY AVERAGE	40.34¢	42.09¢	44.53¢	46.58¢	50.96¢
NATIONAL AVERAGE	38.10	39.75	42.05	43.99	48.13

1980 Compact Car Costs by City -- 1979

1980 Rank	City	¢ P.M.	1979 Rank	1979 ¢ P.M.
1.	Los Angeles	53.79	1.	44.20
2.	New York	50.66	2.	43.90
3.	San Francisco	48.99	4.	36.92
4.	Miami	43.82	8.	33.26
5.	Chicago	42.51	9.	33.04
6.	Denver	42.44	3.	38.77
	20 CITY AVERAGE	42.09		33.60
7.	Seattle	41.91	6.	33.97
8.	Houston	41.87	7.	33.67
9.	San Diego	41.80	17.	30.82
10.	St. Louis	41.08	16.	30.95
11.	Minneapolis	40.45	5.	34.43
12.	Milwaukee	40.26	10.	32.97
13.	Dist. Col.	40.23	11.	32.55
14.	Dallas	40.14	14.	31.34
15.	Pittsburgh	39.99	12.	32.04
	NATIONAL AVERAGE	39.75		31.94
16.	Cleveland	39.65	18.	29.44
17.	Boston	39.51	13.	31.97
18.	Atlanta	38.10	15.	31.27
19.	Cincinnati	37.41	20.	27.24
20.	Detroit	37.20	19.	29.20

NOTE: Changes in relative 1979-80 rankings may result from increases being allowed at different times of the year by state regulatory agencies for insurance and/or interest rates.

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*Slight variations due to rounding

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HERTZ ESTIMATES OF 1980 PASSENGER CAR OWNERSHIP & OPERATING COSTS IN KEY U.S. CITIES
"Compact" Car Kept 3 Years & Driven 10,000 Miles Per Year in Cents Per Mile

CITY	Nat.Av.	20-City Av	Atlanta	Boston	Chicago	Cincinnati	Cleveland	Dallas	Denver	Detroit	Dist. Col	Houston
Purchase Price	$6404	$6542	$6467	$6530	$6431	$6425	$6385	$6467	$6634	$6283	$6310	$6467
Annual Depreciation	15.49¢	15.63¢	15.52¢	15.67¢	15.43¢	15.42¢	15.32¢	15.52¢	15.92¢	15.08¢	15.14¢	15.52¢
Ins., Lics., Fees	8.13	9.51	7.02	7.25	8.98	5.88	7.54	7.76	8.97	4.89	7.09	9.44
Interest Costs	5.82	6.00	5.45	6.29	6.06	5.85	6.44	6.26	6.39	6.59	5.76	6.05
"Fixed" Cost Subtotal	29.44	31.14	28.00	29.21	30.48	27.14	29.30	29.55	31.28	26.56	27.99	31.02
Maintenance & Repairs	2.28	2.59	2.13	2.28	2.91	2.12	2.33	2.81	3.02	2.30	3.22	2.78
Gas, Oth. Ser. Stn Chgs	8.04	8.36	7.97	8.03	9.12	8.15	8.02	7.79	8.15	8.34	9.01	8.07
"Variable" Cost Subtotal	10.31	10.95	10.10	10.31	12.04	10.27	10.35	10.60	11.17	10.64	12.24	10.85
TOTAL FIXED & VARIABLE	39.75	42.09	38.10	39.51	42.51	37.41	39.65	40.14	42.44	37.20	40.23	41.87

CITY	L. A.	Miami	Milwaukee	Minpls	N.Y.C.	Pittsbgh	St. Louis	San Diego	San Fran	Seattle
Purchase Price	$6771	$6459	$6364	$6394	$6690	$6482	$6492	$6806	$6879	$6548
Annual Depreciation	16.25¢	15.50¢	15.28¢	15.34¢	16.05¢	15.56¢	15.58¢	16.34¢	16.51¢	15.72¢
Ins., Lics., Fees	19.11	12.51	8.88	7.55	17.57	9.19	8.52	8.40	13.76	9.65
Interest Costs	6.65	5.70	5.30	5.83	5.47	5.72	6.22	6.42	6.07	5.45
"Fixed" Cost Subtotal	42.01	33.71	29.47	28.73	39.09	30.46	30.33	31.17	36.34	31.00
Maintenance & Repairs	2.91	2.25	2.52	2.85	2.67	2.15	2.61	2.46	3.43	2.59
Gas, Oth. Ser. Stn Chgs	8.87	7.86	8.27	8.87	8.90	7.38	8.14	8.17	9.22	8.32
"Variable" Cost Subtotal	11.78	10.11	10.79	11.72	11.57	9.52	10.75	10.63	12.65	10.91
TOTAL FIXED & VARIABLE	53.79	43.82	40.26	40.45	50.66	39.99	41.08	41.80	48.99	41.91

NATIONAL AVERAGE ANNUAL CENT-PER-MILE COSTS TO DRIVE 1980 COMPACTS VARYING USE PERIODS AND ANNUAL MILEAGES

	-----Miles Per Year-----		
Use Years	10,000	15,000	25,000
1	42.15¢	31.35¢	23.06¢
2	41.01	30.89	22.90
3	39.75	30.08	22.54

	-----Miles Per Year-----		
Use Years	10,000	15,000	25,000
4	37.74¢	28.86¢	22.11¢
5	36.42	28.02	---
6	33.54	26.28	---

	-----Miles Per Year-----		
Use Years	10,000	15,000	25,000
7	31.42¢	No Data for	
8	29.88	Distances	
9	28.71	Over 100,000	
10	27.86	Miles	

COST PER MILE FOR VARIOUS SIZES OF 1980 CARS KEPT THREE YEARS AND DRIVEN 10,000 MILES PER YEAR (National Average)

Sub-compact: 38.1¢ Compact: 39.75¢ Small Mid-size: 42.05¢ "Intermediate" size: 43.99¢ Full size: 48.13¢

CENTS PER MILE BREAKOUT OF HERTZ OWNERSHIP & OPERATING COST ESTIMATES FOR SELECTED CARS @ 10,000 MILES PER YEAR

Model Year	1980			1979					1978	
Purchase Price	$6454			$7129		$5079			$6161		$5578	
Car Size	'Compact'			'Intermediate'		'Compact'			'Intermediate'		'Intermediate'	
Years Kept	3-Years	4-Years	10 Years	3-Years	10 Years	3-Years	4-Years	10-Yrs.	3-Years	10-Yrs.	3-Years	10-Yrs.
Depreciation	15.49¢	13.23¢	6.32¢	17.11¢	6.98¢	12.87¢	10.54¢	4.98¢	15.61¢	6.04¢	14.22¢	5.47¢
Ins., Lic., Fees	8.13	8.13	6.99	8.48	7.31	6.43	6.43	5.54	7.90	6.80	6.98	6.01
Interest (P&L)	5.82	5.91	3.24	6.43	3.58	3.79	3.83	2.09	4.60	2.53	4.13	2.08
FIXED COST S-T	29.44	27.27	16.56	32.02	17.87	23.09	20.80	12.61	28.10	15.37	25.33	13.56
Maintenance	2.28	2.42	3.15	2.68	3.71	2.07	2.19	2.86	2.48	3.44	2.31	3.21
Gas, Srv. Stn.	8.04	8.05	8.15	9.29	9.44	6.78	6.79	6.88	7.40	7.55	5.48	5.66
VARIABLE S-T	10.31	10.47	11.30	11.97	13.15	8.85	8.99	9.74	9.88	10.99	7.79	8.87
FIXED & VARIABLE TOTAL	39.75¢	37.74¢	27.86¢	43.99¢	31.02¢	31.94¢	29.79¢	22.35¢	37.98¢	26.36¢	33.12¢	22.43¢

Model Year	1977		1976		1975		1974		1973		1972	
Purch.Price	$5,211		$4,864		$4,676		$3,934		$3,493		$3,425	
Car Size	'Intermediate'		'Intermediate'		'Intermediate'		'Intermediate'		'Intermediate'		'Intermediate'	
Years Kept	3-Years	10 Years	3-Years	10 Years	3-Years	10 Years	3-Years	10 Years	3-Years	10 Yrs	3-Yrs.	10 Yrs.
Depreciation	.1328¢	.0511¢	.1277¢	.0476¢	.1262¢	.0458¢	.1062¢	.0386¢	.0943¢	.0342¢	9.24¢	3.26¢
Ins., Lic., Fees,	.0608	.0510	.0491	.0357	.0388	.0285	.0370	.0271	.0350	.0257	3.42	2.15
Interest	.0308	.0129	.0302	.0127	.0331	.0212	.0246	.0157	.0203	.0115	1.98	1.10
FIXED S-T	.2244¢	.1150¢	.2070¢	.0960¢	.1981¢	.0955¢	.1678¢	.0814¢	.1496¢	.0714¢	14.64	6.81
Mainten.	.0212	.0293	.0208	.0289	.0191	.0265	.0182	.0253	.0177	.0246	1.73	2.34
Gas, Srv. Stn.	.0551	.0557	.0531	.0537	.0546	.0552	.0520	.0523	.0344	.0346	3.37	3.30
VARIABLE S-T	.0763¢	.0850¢	.0739¢	.0826¢	.0737¢	.0917¢	.0702¢	.0776¢	.0521¢	.0592¢	5.10	5.64
TOTAL	.3007¢	.2000¢	.2809¢	.1786¢	.2718¢	.1772¢	.2380¢	.1590¢	.2017¢	.1306¢	19.74	12.44

National Average Data Originally Issued 11/80

HERTZ ESTIMATES OF 1980-MODEL PASSENGER CAR OPERATING COST AVERAGES

Average cents - per-mile (& Total Annual Dollar) Expenses for Varying Years of Service, Mileage And Car Type

Use Years	'SUB-COMPACT' At Constant Miles Per Year			'COMPACT' At Constant 8224 M.P.Y.*		'COMPACT' At Declining Annual Miles Averaging 8224*			'COMPACT' Constant Miles Per Year			'MID-SIZE	'INTER-MEDIATE	'STAND-ARD'
	10,000	15,000	25,000	¢P.M.	$P.Y.	M.P.Y.	¢P.M.	$.P.Y.	10,000	15,000	25,000	10,000	10,000	10,000
1	40.32¢	30.09	22.25	47.53 =	3909	12,511 =	35.65¢=	$4460	42.15¢	31.35	23.06	44.46¢	46.59¢	50.92¢
2	39.27	29.68	22.11	47.33 =	3892	11,565 =	36.83 =	4259	41.01	30.89	22.90	43.32	45.36	49.60
3	38.10	28.93	21.79	45.94 =	3778	10,841 =	38.40 =	4025	39.75	30.08	22.54	42.05	43.99	48.13
4	36.23	27.80	21.40	43.49 =	3577	10,151 =	37.74 =	3790	37.74	28.86	22.11	39.99	41.78	45.73
5	35.00	27.02	--	41.90 =	3446	9,728 =	36.85 =	3611	36.42	28.02	--	38.65	40.34	44.17
6	32.79	25.38	--	38.26 =	3146	9,442 =	34.78 =	3284	33.54	26.28	--	35.70	37.19	40.77
7	30.30	--	--	35.65 =	2932	9,212 =	33.07 =	3047	31.42	--	--	33.54	34.88	38.29
8	28.85	NO DATA		33.73 =	2774	8,958 =	31,95 =	2862	29.88	NO DATA		31.98	33.20	36.48
9	27.75	OVER 100,000		32.27 =	2654	8,650 =	31.21 =	2700	28.71	OVER 100,000		30.79	31.93	35.13
10	26.96	MILES		31.13 =	2560	8,224 =	31.13 =	2560	27.86	MILES		29.94	31.02	34.15

NOTE: Above Costs Are Averages for the Varying Use/Mileage Periods; those below, right, are for each of the years.

HISTORICAL COMPARISONS 'INTERMEDIATE' SIZE CAR EXPENSE ESTIMATES

At Estimated Varying Mileage Averages

Year	3 - Year Average Annual Mileage	3 - Year Use Cost Cents Per Mile	10-Year Aver. Annual Mileage	10-Yr. Use Cost Cents Per Mle	At Constant 10,000 Mile A Year Aver. 3-Yr. Use	10-Year Use	3- Year Use @10,000 MPY (in 1980 $)
1925E	5835	16.9¢	Not Available		11.5¢	N.A.	51.7¢
1950	12771	9.3	9032	8.0¢	10.9	7.7¢	35.7
1960	13497	12.2	9545	9.8	14.4	9.5	38.3
1970	14267	14.7	10090	12.1	19.0	12.2	38.6
1971	14567	14.3	10280	11.9	18.7	12.1	36.4
1972	14652	15.1	10362	12.1	19.7	12.4	37.1
1973	13570	16.2	9597	13.4	20.2	13.1	35.8
1974	12300	20.7	8732	17.1	23.8	15.9	38.0
1975	12561	23.2	8901	18.9	27.2	17.7	39.8
1976	11885	24.8	9015	20.1	28.1	17.9	39.0
1977	12127	26.2	9199	20.8	30.1	20.0	39.2
1978	12082	29.1	9165	23.1	33.5	22.0	40.5
1979	11666	34.0	8850	28.7	38.0	26.4	41.3
1980	10841	41.5*	8224	34.5*	44.0	31.0	44.0

E= Estimated from old, not strictly comparable, records

CURRENT DATA 'COMPACT' CAR EXPENSES

Yearly Costs And Mileages for Various Ownership Periods (Not Averages for All Years as Listed Above.)

Use Yr. Mi.	At Constant 8224M.P.Y.* ¢P.M.$ P.Y.	At Listed Declining Yearly Mileage Averaging 8224 MPY* Miles	¢p.m.	$ Pr. Yr.
1	47.53¢=$3909	12,511 =	35.65¢ =	$4460
2	47.12 = 3875	10,619 =	38.21¢ =	4058
3	43.16 = 3549	9,393 =	37.87¢ =	3557
4	36.14 = 2972	8,081 =	38.18 =	3085
5	35.54 = 2923	8,035 =	36.03 =	2895
6	20.06 = 1650	8,017 =	20.57 =	1649
7	19.99 = 1644	7,830 =	20.75 =	1625
8	20.29 = 1669	7,177 =	21.83 =	1567
9	20.59 = 1693	6,187 =	22.69 =	1404
10	20.87 = 1716	4,391 =	29.61 =	1300
Av.	31.13¢=$2560	8,224	31.13¢ =	$2560

* Data in asterisked sections are new, reflecting lower mileage totals. Data in other sections originally issued 11/80.

SUMMARY OF DOMESTIC AUTO SIZE CHANGES

CAR SIZE	'Subcompact'	'Compact'	'Mid-Size'	'Intermediate'	Standard
Example Model:	Pinto	Fairmont	Granada	Thunderbird	Ltd.
1980 List Price	$6042	$6464	$7022	$7708	$8781
Wheelbase	95"	106"	110"	108"	114"
Overall Length	171"	196"	200"	200"	209"
Weight	2488 lbs.	2688 lbs.	3250 lbs.	3262 lbs.	3584 lbs.
Change Vs. '79					
Weight	+39 lbs.	+6 lbs.	+1 lb.	-648 lbs.	-27 lbs.
Price	+21%-$1038	+20%-$1094	+12%-$757	+14%-$970	+13%-$988
Change Vs. '73					
Weight	+272 lbs.	+431 lbs.	+21 lbs.	-516 lbs.	-708 lbs.
Price	+105%-$3100	+110%-$3379	+90%-$3320	+97%-$3801	+107%-$4534
1979 Price	$5004	$5370	$6265	$6738	$7793
Wheelbase	95"	106"	110"	114"	114"
Overall Length	169"	194"	198"	216"	209"
Weight	2449 lbs.	2682 lbs.	3249 lbs.	3910 lbs.	3611 lbs.
1978 Price	$4647	$5061	$5759	$6031	$6379
Wheelbase	Same	Same	Same	114"	121"
Overall Length	Same	Same	194"	216"	224"
Weight	2425 lbs.	2748 lbs.	3349 lbs.	4056 lbs.	4266 lbs.
1977 Price	$4352	$4542	$5444	$5634	$6036
Wheelbase	Same	103"	Same	Same	Same
Overall Length	Same	187"	Same	Same	Same
Weight	2443 lbs.	2999 lbs.	3462 lbs.	3981 lbs.	4414 lbs.
1976 Price	$4061	$4321	$5089	$5263	$5627
Wheelbase	Same	Same	Same	114"	Same
Overall Length	166"	Same	Same	214"	Same
Weight	2562 lbs.	2980 lbs.	3343 lbs.	4137 lbs.	4451 lbs.
1975 Price	$3622	$4230	$4979	$5089	$5515
Wheelbase	Same	Same	Same	118"	Same
Overall Length	166"	Same	Same	218"	Same
Weight	2581 lbs.	2891 lbs.	3243 lbs.	4258 lbs.	4502 lbs.
1974 Price	$3304	$3518	$3857	$4257	$4870
Wheelbase	Same	Same	110"	Same	Same
Overall Length	166"	Same	194"	215"	222"
Weight	2443 lbs.	2852 lbs.	2964 lbs.	4038 lbs.	4302 lbs.
1973 Price	$2942	$3085	$3702	$3907	$4247
Wheelbase	94"	Same	109"	118"	Same
Overall Length	165"	Same	194"	212"	220"
Weight	2216 lbs.	2257 lbs.	3229 lbs.	3778 lbs.	4292 lbs.

NOTE: Size classification terminology is arbitrary. Government and industry appellations have varied during years covered. Different model names also previously used, e.g. Thunderbird, replaces LTD II, which in turn was Torino in 1973.

National Average Data Originally Issued 11/80

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DETAILS OF 1980 COST CALCULATIONS BY HERTZ

1. Vehicles used are Pinto (subcompact), Fairmont (compact), Granada (mid-range), LTD II, (intermediate) and Ford (standard). List prices are on attached sheets. Discounts are assumed as follows: Subcompact, 5%; compact, 5%; mid-range, 10% intermediate, 12%; full-size, 16%. Assumed sales tax is 5.1% for all units, producing the following purchase prices: Subcompact, $6,033; compact, $6,454; mid-range, $6,642; intermediate, $7,708 and full-size, $7,752.

2. Depreciation rates are averages. (Rates may vary widely from year to year or model to model, but over an extended period the rates have been fairly consistent.) 1 year, 30%; 2 years, 54%; 3 years, 72%; 4 years, 82%; 5 years, 87%; 6 years, 90%; 7 years, 92%; 8 years, 94%; 9 years, 96%; 10 years, 98%. Extremely high or low mileage each year will also produce depreciation rate variations. NOTE: No inflation assumption is made and this will significantly alter costs for longer-term ownership in times of high inflation. However, inflation will also contribute to higher future costs for new cars so that longer use of cars remains more economical. (Inflation simply postpones depreciation until the next car is bought.)

3. Insurance is based on $250,000/$500,000/$50,000 rates with $500 deductible comprehensive. (Deductible has risen over the years.) Assumption is that full insurance is retained for duration of car loan, then, if car is kept longer, comprehensive is dropped, only liability retained.

   The rates are based on two adult drivers in the family, plus an inexperienced male driver operating the car less than 20% of its annual mileage, and that this annual mileage is 8,000-10,000, with less than 30 miles per day round-trip commutation. Licenses and fees are vehicle, driver and inspection charges required by states and municipalities for private operation.

4. Interest. For ownership period up to five years, car loan is assumed to be for a period equal to ownership -- e.g. three year loan for three year ownership, five year loan for five year ownership. For use periods over five years, five year loan is assumed. (In past years, when five year loans were not available, four year maximum was used.) Financing of two-thirds of purchase price is assumed in all cases, one third cash down-payment assumed, with interest lost assumed for period of loan, not for full ownership period if over five years. Interest rates assume monthly payments, quarterly compounding as follows: 1 year: 12.68 paid, 8.5% lost; 2 years: 13.84%, 9%; 3 years: 14.74, 9.5%; 4 years: 13.83, 10%, 5 years: 14.54, 10.5%. Rates have varied sharply in past years.

5. Fuel Efficiency and Maintenance Costs are based on Hertz estimates, not on data from government agencies or manufacturers or industry groups. The estimates are based upon, but are not equal to, Hertz costs since the estimates are intended to give motorists a basis for estimating their own costs for personal driving, not costs based on fleet purchases. The costs assume full, complete and proper maintenance which some motorists may not perform. Nevertheless, slight reduction in fuel efficiency is assumed in calculating gasoline charges in later years.

6. Excluded from the costs are tolls and garaging since these items can fluctuate widely from place to place and can fluctuate even within the same general geographical areas depending on driving patterns and routes. These charges, are, however, almost never "nothing". If a car is parked in the owner's garage, technically the pro-rata cost, based on the size of the garage, should be counted. If car costs are being calcu-

lated, expenses should be properly allocated. Without a car, a garage wouldn't be needed. Tolls also make a substantial difference. Two next-door neighbors commuting equal distances to work by different routes might spend 2.5¢ a mile over 10,000 miles of annual driving as a result of tolls. Major city, mid-town parking could add 15-20¢ a mile.

7. "Add-on" accessories also are not calculated. CB radios, for example, are excluded. Luxury and convenience packages are also excluded, even white-sidewall tires. Only options are automatic transmission, air conditioning, power-steering and power brakes plus tinted glass. But air conditioner and automatic transmission lower fuel efficiency.

8. Key cost estimates are expressed both in cents-per-mile and dollars-per-year. Many drivers prefer cent-per-mile estimates for tax and employee/employer re-imbursement estimates, but dollars-per-year is the key figure. Tables illustrate that high mileage each year produces substantially lower cent-per-mile expenses, since the so-called fixed or standing costs such as insurance, taxes, licensing and interest are spread over a greater number of miles each year. Example: compact car driven 10,000 miles a year produces a 39.75¢-a-mile average over a three-year period and a $3975 annual dollar expenditure. At 15,000 miles a year, per-mile costs drop to 30.08¢, but dollar outlays rise to $4512 annually. At 25,000 miles a year, cent-per-mile expenses fall to 22.54¢, but annual dollar costs soar to $5636. Studies expressing costs in terms of high assumed mileage, can be misleading. The estimated overall national average mileage for 1979 was just 8850. At that mileage, the three-year average cost per-mile for the compact rose to 43.4¢ a mile, but dollar outlays dropped to $3841.

9. Some studies indicate that the mileage of a new car is highest in its earlier years and drops annually as the car ages. Therefore, some other cost estimates in the past have presented cost-per-mile estimates on the basis of such declining mileage assumptions. Such presentations also can be misleading since they mask the fact that longer ownership of a car normally reduces both the cents-per-mile and dollars-per-year, as does purchase of a used car. This is because depreciation for most domestic cars is higher in first years, lower later. Keeping a car after a loan is repaid results in lower expense averages; also, insurance can be dropped. Thus, even though maintenance costs rise in later years, often sharply at high mileages, the overall average cost usually falls each year the car is kept (although in later years the yearly outlays do rise). Since these later-year expenses are usually so far below the overall average, the overall expense average continues to drop.

10. The Hertz study illustrates why expenses should always be understood in terms of dollars-per-year even when expressed in cents-per-mile. The table for the compact shows that at a constant 8850 (national average) miles a year, average expenses for the length of years the car is kept drop from 44.75¢ a mile and $3960 a year for new cars traded annually, down to 29.71¢ a mile (and $2629 a year) if a car is kept 10 years. However, if mileage drops each year, at the ratios indicated in at least one government study, the cent-a-mile expenses are "flattened" to just 33.81¢ a mile for the annual trader assumed to have driven 13,463 miles the first year down to the 29.71¢ for the 10-year owner. The study also lists the yearly cost and mileage figures for the compact, in addition to the average for total years the car is kept.

11. Unless specified otherwise, figures are full 12-month averages, not year-end prices.

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